

~~SECRET~~

Approved For Release 2004/06/24 : CIA-RDP79-00927A000100190001-2

~~CONFIDENTIAL~~

COPY NO. 319

OCI NO. 0039

9 October 1953

# CURRENT INTELLIGENCE WEEKLY



DOCUMENT ID: 20  
NO CHANGE IN CLASS. [ ]  
DECLASSIFIED  
CLASS. CHANGED TO: TS S 01801  
NEXT REVIEW DATE:  
AUTH. HQ TO:  
DATE: 7-23-75 REVIEWER: [ ]

25X1

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

~~SECRET~~

25X1

~~CONFIDENTIAL~~

STATE review(s) completed.

Approved For Release 2004/06/24 : CIA-RDP79-00927A000100190001-2

~~SECRET~~

25X1

~~CONFIDENTIAL~~

## SUMMARY OF CONTENTS

THE SOVIET WORLD . . . . . Page 4

CURRENT SOVIET POLICIES FOR THE POSTWAR KOREAN  
SITUATION . . . . . Page 6

The refusal of the Communists to accept the UN recommendations of the composition of the Korean political conference strongly suggests a desire to avoid negotiations for a settlement at this time.

BACKGROUND OF THE COMMUNIST THREAT IN BRITISH GUIANA. . Page 9

Britain's drastic measures in British Guiana highlight a Communist threat that has been growing for several years in an area which produces nearly a fifth of the free world's supply of bauxite.

THE OUTLOOK FOR COMPLETING EDC RATIFICATION . . . . . Page 10

The over-all outlook for the EDC treaty shows relative improvement for the first time in over six months. Nevertheless, French approval is still far from assured, and the prospects in Italy have worsened considerably since the June elections.

ATJEHNESE REVOLT HIGHLIGHTS DETERIORATING SITUATION  
IN INDONESIA . . . . . Page 13

The revolt in Atjeh highlights the deteriorating situation in Indonesia. The maneuvers of the Communist-influenced Djakarta government are reinforcing the arguments of those of the opposition who favor the use of force to prevent their political extinction. (SEE MAP)

PROSPECTS BRIGHTEN FOR STABLE GOVERNMENT IN JAPAN . . . Page 16

A new conciliatory attitude by Japanese prime minister Yoshida is providing the basis for conservative cooperation in the Diet and assures the government of support on rearmament, the defense budget, and the FOA program.

2

~~SECRET~~

~~SECRET~~

25X1

ISRAEL'S STIFFENED ATTITUDE TOWARD THE US AND THE ARAB  
STATES . . . . . Page 18

Israeli-provoked incidents near the Syrian and Egyptian borders, as well as friction with the chief UN truce observer, may spring from a desire to bring the Arab-Israeli case before the United Nations.

ELEMENTS OF WEAKNESS IN THE RUIZ CORTINEZ ADMINISTRATION  
IN MEXICO . . . . . Page 20

Although the 19 October meeting of the United States and Mexican presidents is expected to be a major step toward better relations, certain factors in the Mexican situation favor an increased political exploitation of anti-Americanism.

PROGRESS IN THE TURKISH LABOR MOVEMENT . . . . . Page 21

The labor movement in Turkey, spurred by urbanization, industrial growth, and the mechanization of agriculture since World War II, is becoming a force with which the government must reckon.

*SECRET*

~~SECRET~~

25X1

## THE SOVIET WORLD

Throughout the Orbit, "enlightened" changes in agricultural organization, designed to stimulate farmer interest in increased production, continue as the most important program to be explained to the people.

In the USSR the new agricultural policy outlined by Khrushchev on 3 September has been spelled out in unprecedented detail by four government decrees. This agricultural part of the general program to increase rapidly the availability of consumer goods is so far the most significant departure from Stalinist economic policy.

The implications of the new program for the Soviet economy are that over-all output of heavy and defense industries will not increase over 1952 levels and may even drop slightly over the next three years. There may be cutbacks in production of those conventional armaments which have already been stockpiled in very large quantities. The impact of agricultural development on the rest of the economy is scheduled to be even greater in 1954 and 1955.

Lest the peasant misinterpret the encouragement of private as well as collective production, however, Khrushchev warned that political controls would be strengthened by increasing the supervisory role of the party organization in the raions.

In several East European Satellites, popular misinterpretation of the new agricultural policies resulted in a threat of wholesale peasant withdrawal and lagging crop collections and necessitated a modification of the original conciliatory decrees of June and July. The announcements at that time emphasized concessions by canceling farm debts, reducing taxes and delivery quotas, and promising peasants permission to leave the collectives. The change since then has been particularly noticeable in East Germany and Hungary, where stress has been laid on the defense of collectivized agriculture, and pressure has been put on peasants to fulfill collection quotas and complete fall field work.

~~SECRET~~

~~SECRET~~

25X1

On 17 September, Vice Premier Ulbricht announced that collectivization would remain the goal of East Germany. Czech and Hungarian leaders have spoken several times in the past two weeks of the advantages of collectivization and the difficulties facing peasants who leave the cooperatives. Although Polish leaders promised concessions to the peasants in July, Deputy Prime Minister Gede stated on 18 September that scheduled crop collection quotas must be fulfilled. Since that time publicity has been given to the arrests of a number of "kulaks" for failing to meet their quotas.

In Poland the removal and banishment of Cardinal Wyszynski has apparently broken the resistance of the church hierarchy to further government encroachments. A subsequent declaration exacted from the Polish episcopate pledged the hierarchy to work for the "normalization of relations" with the government, and to take "proper sanctions" against members of the clergy who indulge in antistate activities. Although these acts are undoubtedly unpopular with the population, there have as yet been no reports of local demonstrations.

The East German government reportedly faces an extensive reorganization, with increased emphasis to be placed on the collegial character of the Council of Ministers. In addition, some of the diplomatic representatives in the Satellites will be raised to the rank of ambassador.

The East German government on 1 October appointed Lothar Bolz, a reliable Communist and chairman of the National Democratic Party, as minister of foreign affairs. The appointment strengthens Communist control of the ministry and, together with previous moves, indicates that bourgeois participation in governmental affairs will probably be progressively reduced.

Outside the Orbit, a deliberate and coordinated Communist drive for united labor action is evident in the extensive preparations for the October Congress of the World Federation of Trade Unions (WFTU) in Vienna and in recent Communist labor activities. The Communists apparently aim to improve their standing with the rank and file of the non-Communist left. To this end the WFTU leaders are making an all-out effort to assure attendance of non-Communist labor organizations at the October congress, to consolidate Communist leadership of national labor unions, and to promote "united action from below" during strikes. These tactics augur a renewed emphasis on strikes based on economic rather than political grievances.

~~SECRET~~

~~SECRET~~

25X1

## CURRENT SOVIET POLICIES FOR THE POSTWAR KOREAN SITUATION

The refusal of the Communists to accept the UN recommendations on the composition of the Korean political conference strongly suggests a desire to avoid negotiations for a settlement at this time.

Their continued insistence on an enlarged, round-table conference, including the USSR and other "neutral" Asian countries directly interested in the Korean settlement, indicates a belief that they have more to gain in the immediate future by exploiting the divergence of views between the United States and other UN members over procedural details than by negotiating on substantive issues.

There is no reason to believe that the Communists will abandon the position taken in Chou En-lai's 13 September message to the UN secretary general. Chou stated that if the conference is to be convened "speedily," the UN must enlarge the conference membership and invite Chinese and North Korean representatives to attend the General Assembly "to conduct joint negotiations." Until this question of composition is settled through negotiations, Chou warned, there can be no useful consultations regarding place and time of the conference. On 30 September, Vyshinsky told the UN that without a settlement of the composition question, "there is no hope that the conference will even take place."

The Communists could hardly believe that achievement of their objectives in Asia requires the participation of "neutral" Asian states in the conference. Both sides have stipulated that conference decisions must have the assent of all the belligerents. The round-table form with neutrals would simply facilitate involving other governments in the support of proposals on Korea and even general Far Eastern questions known to be unacceptable to the United States.

Since the opening of the special session of the seventh General Assembly in August, Communist spokesmen have attempted to demonstrate that they have a real desire for a political conference. They have encouraged the belief among non-Communist, particularly Asian, countries that they would be willing to modify their proposals to some extent if the United States would make similar concessions. At the same time, they have warned that American stubbornness will result in a stalemate.

~~SECRET~~

~~SECRET~~

25X1

The Communists have been careful not to close the door to further negotiations and have refrained from threatening to boycott the conference if their proposals are not adopted. They probably believe that this approach offers the best chance of averting a reckless South Korean attack or, in case of an attack, of isolating Rhee and forestalling any UN assistance.

Moscow and Peiping appear to believe that American and South Korean military pressure does not endanger their position in North Korea. So long as they see no real danger of a resumption of hostilities, therefore, there is little to be lost by maintaining the present deadlock and the division of Korea, meanwhile avoiding commitment to any settlement which might reduce their future freedom of action.

Such an attitude toward the Korean problem would be a logical part of the Communists' global strategy: to postpone crucial decisions and avoid unnecessary commitments in the hope that the present world stalemate can be maintained without serious disadvantage to themselves and with growing prospects for an eventual split in the non-Communist world.

There are no indications that the USSR has changed its long-range objective of foreign troop withdrawal and Korean unification under a Communist regime. But the joint Soviet-North Korean communique of 19 September indicates that for the present the Malenkov regime has decided to rebuild North Korea as a member of the Orbit and to counter American support of South Korea's economy and armed forces. The August purge of domestic Communists and the placement of Soviet-trained personnel in most high party and government positions will ensure Moscow's control.

The nature of the projects to benefit from the one billion rubles which the USSR is providing North Korea "without compensation" suggests that Moscow intends to use the money to reconstruct North Korea's industry for the Orbit's long-range economic and strategic interests. Specific projects include reconstruction of the vital Yalu River hydroelectric plants and railroads; restoration of metallurgical, chemical, and cement plants; and the reconstruction of a few textile and food processing plants.

The communique also mentions consumer goods, but this seems designed primarily for propaganda purposes as the size and extent of the heavy industry projects would suggest that they will be given the lion's share. In a speech on his departure from Moscow, Kim Il-sung, head of the North Korean delegation, stated that the aid would be used "for the reconstruction and building of the largest industrial objects" which will constitute a basis for the development of agriculture and the rehabilitation of North Korea's economy.

7

~~SECRET~~

~~SECRET~~

25X1

Moscow has also promised to send machine tools and technical assistance. Communist China, Hungary, Poland, and Czechoslovakia have similarly promised financial aid and technical assistance.

The participation of the Chinese ambassador to the USSR in the Soviet-North Korean negotiations may have been arranged in order to discuss the political conference and the status of Chinese troops in North Korea. The Chinese are expected to remain in North Korea pending a settlement, and there have been indications that they will "volunteer" to remain indefinitely to assist in reconstruction. There is no suggestion in any Communist propaganda of a challenge to Soviet predominance in North Korea.

Soviet policy both in the UN and in North Korea itself reinforces the conclusion that the lines which now divide the Korean peninsula are likely to remain firmly established. The Communists could not agree to unification on any terms which would endanger their control of North Korea.

~~SECRET~~



~~SECRET~~

25X1

## BACKGROUND OF THE COMMUNIST THREAT IN BRITISH GUIANA

Dispatch of British troops to British Guiana highlights a Communist threat that has been growing for several years in a colony which produces nearly a fifth of the free world's supply of bauxite.

Communist agitators have been active in British Guiana for a decade primarily among the East Indian half of the population.

25X1



Last April the PPP captured 18 out of 24 elected seats in the legislature. The election was the first under a new constitution which instituted universal suffrage and concentrated authority over domestic affairs in the House of Assembly. Cheddi Jagan became leader of the House of Assembly and minister of agriculture while his wife was designated deputy speaker of the house. Party leaders also hold the labor, education, communications, and health posts. They have consistently demanded overthrow of the British colonial administration.

In early September the party led a strike paralyzing the sugar industry, one of the colony's principal economic activities, and then attempted a general strike in a demand for compulsory recognition of trade unions, designed to center labor control in PPP-dominated organizations. On 24 September the strikes were canceled. Next day the 18 party members of the House walked out to protest the overruling by the British-appointed speaker of their motion to force through a trade union recognition bill. Political tension has continued to rise since then, with various anti-British demonstrations but no rioting yet reported.

Britain dispatched the troops largely because of doubt of the reliability of the 1,100 local police in the face of these developments, according to the Colonial Office. The troops are considered capable of maintaining order, but international Communism will probably exploit the emergency measures in propaganda and in attacks in the United Nations.

~~SECRET~~

~~SECRET~~

25X1

## THE OUTLOOK FOR COMPLETING EDC RATIFICATION

The over-all outlook for the EDC treaty shows relative improvement for the first time in over six months, largely as a result of the 6 September West German elections. Nevertheless, French approval is still far from assured, and the short-term prospects in Italy have worsened considerably since De Gasperi's electoral setback in June.

Thus far the treaty has been ratified by only the West German parliament and the Dutch lower house. Although the Bonn Constitutional Court is still deliberating the legality of the parliament's action, Chancellor Adenauer could probably muster the necessary two-thirds majority in each house for any necessary constitutional amendment. In all three Benelux countries ratification is on parliamentary timetables and, provided French action does not become stalled, is expected to be completed soon after the start of the new year.

In France, EDC prospects underwent a marked transformation in the second half of September.\* Previously, no French government had committed itself to a ratification schedule, the opponents of EDC had been conducting an effective campaign, and Foreign Minister Bidault had been making political concessions to them. Furthermore, many Frenchmen argued from their own growing financial and trade difficulties, as contrasted with Germany's economic resurgence, that they must regain a position of strength before entering EDC.

As early as 9 September, however, Under Secretary of State Maurice Schumann told Ambassador Dillon that the West German elections had provided "a much needed shock for French public opinion." On the 15th Bidault stated that he was "prepared to devote his full time" to EDC. Premier Laniel announced publicly on 26 September that he would ask parliament to ratify as soon as the forthcoming talks with Germany on the Saar, expected to open in mid-October, were terminated.

On the critical Saar issue, Chancellor Adenauer is expected to take a more conciliatory approach than previously to the chief remaining problem of French economic rights in the territory. He has long since admitted that France cannot abandon them all, and there are various indications that he will propose important guarantees for these interests in lieu of a continuation of the economic union between France and the Saar.

25X1

~~SECRET~~

~~SECRET~~

25X1

Another problem faced by the Laniel government is that of persuading enough Socialist deputies to support EDC to compensate for the expected defection of most ex-Gaullists in its own ranks. The 80 Socialist votes which the government hopes to obtain seem to depend on two conditions. One is a demand for close British "association" with EDC, and London now appears to have satisfied the Socialists on this. The other, demanded by both Socialists and Radical Socialists, is a European Political Community (EPC) strong enough to control German power.

The government itself, however, is by no means united on further European integration. It has sent only vague instructions to its delegation to the conference currently discussing a draft of an EPC treaty in Rome. The ex-Gaullists' pressure for an Assembly debate on EPC prior to the late October talks in The Hague may hasten a cabinet showdown.

Overthrow of the government either on this integration issue or on a number of others like the budget and labor unrest could be expected to entail another prolonged crisis, and the next regime would require still further time to develop its own strategy on EDC ratification. Other delays may come from unexpected developments abroad, such as a lack of success with the Navarre plan or new adroit Soviet initiatives toward a detente in the cold war.

The longer EDC ratification is postponed in France, the more the momentum of Adenauer's victory will be lost. If debate on the treaty is not begun within the next two months, it is likely to be postponed well into 1954 as a result of the December presidential elections and the unavoidable budget discussions. Even after Assembly ratification, the Council of the Republic could hold up final approval for as long as two months. Moreover opponents of the treaty are now banking on the conservative nature of the upper house to attack the treaty on constitutional grounds which could mean an additional delay of over three months.

25X1

In Italy, the minority government of Premier Pella has not even scheduled the EDC treaty for parliamentary consideration. Meanwhile, public pressure is building up against it

~~SECRET~~

~~SECRET~~

25X1

on the varied grounds that it is American-dictated, increases the risk of war, and postpones domestic reforms. Furthermore, Pella now insists on a Trieste settlement as a precondition for EDC ratification. Nevertheless, most Italian leaders recognize that European integration is to their country's long-term advantage, and Italy is unlikely to hold out long on EDC once the other participating countries have ratified.

~~SECRET~~

~~SECRET~~

25X1

ATJEHNESE REVOLT HIGHLIGHTS DETERIORATING  
SITUATION IN INDONESIA

The revolt in Atjeh, an area at the northern end of Sumatra, highlights the deteriorating situation in Indonesia (see map p.15). The maneuvers of the Communist-influenced Djakarta government to obstruct and discredit its principal opposition are lending weight to the arguments of those who favor the use of force to prevent their political extinction.

Agitation for autonomy in Atjeh has been a persistent problem since 1950, when Indonesia abandoned its federal structure. The Atjehnese are fanatical Moslems, approximately 1,000,000 strong. They were never fully pacified by the Dutch, and have bitterly resented administration by the Javanese-controlled central government in Djakarta.

Coordinated attacks on police and army posts on the northern and northeastern coast of Sumatra occurred on 21 September. On the same day the rebels, led by Daud Bereueh, until 1951 a government-appointed official in Atjeh, proclaimed Atjeh an autonomous Moslem state. According to the Indonesian defense minister, Bereueh's poorly armed forces number 10,000. The better-armed government forces in the area, including recent reinforcements, total approximately 4,000.

Information on the uprising is conflicting; it varies from government claims that the situation has returned to normal to reports that the revolt is expanding and that the rebels hold virtually all of Atjeh. Since the government has consistently suppressed accurate information on other revolts, the reliability of its bulletins is doubtful. Government forces are believed to control the larger towns but the rebels will probably be able to wage guerrilla warfare from the villages and the countryside for an indefinite period.

Assistance to the rebels from the Darul Islam, an insurgent Moslem organization in Java, has been reported by several sources. This would indicate a significant expansion of Darul Islam activity. Since it proclaimed its intention in 1949 to establish an Islamic state embracing all of Indonesia, the Darul Islam has extended its activities from West Java to the remainder of that island.

~~SECRET~~

~~SECRET~~

25X1

The installation of the leftist cabinet in Djakarta on 1 August probably is partially responsible for the present revolt. The Atjehnese bitterly resent the exclusion from the cabinet of the Masjumi, a moderate and anti-Communist Moslem political organization and now the government's principal opposition. The Masjumi, whose strict Moslem beliefs are in accord with those of the Atjehnese, has been the only political party to take any interest in the problems of this minority group.

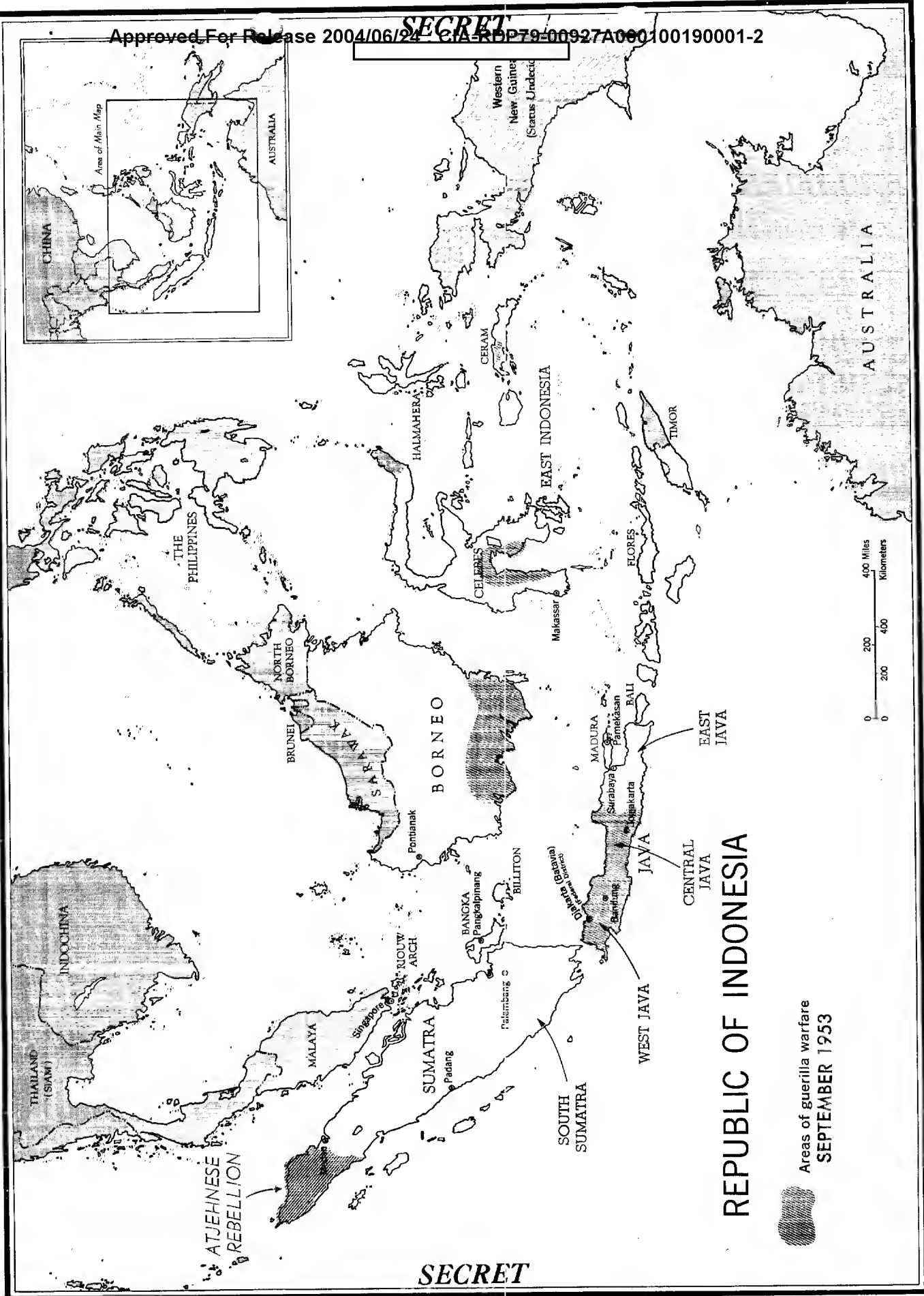
The progovernment press has implied that the Masjumi is involved in the Atjeh revolt, apparently as part of a series of government moves to obstruct and discredit its opposition. For months the major government party and the Communists have charged that there are connections between the Darul Islam and the Masjumi. Opposition newspapers which took a strong anti-Communist stand were banned from all army installations. Antigovernment material is now banned on the radio; and Natsir, the chairman of the Masjumi, was called for questioning before the attorney general in mid-September for an anti-Communist speech he had made.

The Masjumi's position, moreover, is being weakened by the replacement of anti-Communist officials in the various ministries by persons who are either sympathetic or amenable to Communist strategy. The result of these actions has been to increase Masjumi bitterness toward the government and to strengthen those in the party and the army who favor the use of force. Many members of the opposition feel that the government's strategy presents them with a choice between violence and reduction to political impotence.

The outbreak of a nationwide civil war does not appear imminent at this time, but the possibility will increase as the opposition faces additional political frustrations.

~~SECRET~~

SECRET



# REPUBLIC OF INDONESIA

Areas of guerilla warfare  
SEPTEMBER 1953

SECRET

~~SECRET~~

25X1

## PROSPECTS BRIGHTEN FOR STABLE GOVERNMENT IN JAPAN

A new conciliatory attitude by Japanese prime minister Yoshida, paralleled by intense behind-the-scenes maneuvers of leaders of his Liberal Party and those of the two other conservative parties, is providing the basis for collaboration in the Diet and may lead eventually to a stable middle-of-the-road coalition.

Personal rivalries and policy differences among the conservatives are formidable barriers to an immediate coalition or merger, but progress made so far assures the government of Diet support on at least the difficult problems of rearmament, the defense budget, and the FOA program.

Both the press and the general public were completely unprepared for the announcement on 27 September of an accord between Yoshida and Progressive Party president Mamoru Shigemitsu on defense. The government is now apparently guaranteed Diet support for a larger defense budget, including personnel increases in the armed forces, and for transforming the National Safety Force from a "police" organization into a full-fledged "self-defense" force.

The Yoshida-Shigemitsu accord is ostensibly limited to defense policy only, and the Progressives have been careful to re-emphasize their policy of continued "constructive opposition" to the Yoshida government. Nevertheless, many leaders of both parties are working for a full coalition in which the Progressives might receive cabinet positions, including possibly the foreign affairs and defense portfolios.

At the same time, the Yoshida Liberals have made friendly overtures to the dissident Hatoyama faction, whose members were expelled from the Liberal Party in March. Ichiro Hatoyama, leader of the splinter group, has expressed general satisfaction with the Yoshida-Shigemitsu accord and is reported to have agreed provisionally to rejoin the Liberals, provided Yoshida abandons "surreptitious rearmament" and "secret diplomacy."

Rearmament is the principal policy on which the three conservative parties have differed, and then primarily only on timing. The Yoshida Liberals have preferred gradual rearmament over several years "within the limits of Japan's economic capacity," whereas the Progressives and Hatoyama Liberals have urged a more rapid build-up. The latter differ from the

~~SECRET~~



~~SECRET~~

25X1

Progressives in their insistence on an early amendment of the constitutional provision against rearmament. Actually, a compromise solution acceptable to all three parties can probably be worked out, particularly in view of the Yoshida-Shigemitsu agreement.

Factional feuds and personal rivalries present a more difficult problem. A few months ago, informed sources reported that Yoshida had agreed to retire in favor of Shigemitsu, as the price for a coalition. Recent reports indicate that Yoshida will continue as prime minister in any conservative regrouping, but it is doubtful whether the more extreme opposition leaders would accept him. In fact, it is debatable whether more than two thirds of Shigemitsu's party would, under the best of circumstances, go along with him in a coalition.

A further obstacle is Yoshida's reported refusal to readmit Hatoyama's two top lieutenants, whom the prime minister regards as troublemakers. Conversely, the latter declare Yoshida to be completely unacceptable as party leader.

In the final analysis, a successful coalition depends on whether the opposing conservative leaders can resolve these personal differences. Strong American pressure for a stable Japanese government capable of achieving economic viability and determined to carry out a long-range defense build-up is apparently having a certain catalytic effect.

The Yoshida-Shigemitsu accord probably enabled ex-finance minister Hayato Ikeda to bring with him to Washington a defense plan which will be acceptable to a majority in the Diet. If Ikeda secures important economic benefits from the United States, Yoshida's prestige will be further enhanced in the conservative camp. Reports that the prime minister plans to visit the United States late in October suggest that he is confident of achieving a coalition and expects to capitalize on any favorable agreement obtained by Ikeda.

Cooperation among the three conservative parties would restore to Japan the stability in government which existed prior to mid-1952, when factional strife within the Liberal Party undermined Yoshida's majority in the Diet for the first time since 1949. The conservative agreement on defense may give the Yoshida government the confidence it needs to undertake in the interest of a stable economy the necessary but politically unpalatable austerity measures which it has so far postponed.

~~SECRET~~

~~SECRET~~

25X1

ISRAEL'S STIFFENED ATTITUDE TOWARD THE US  
AND THE ARAB STATES

During the past year Israel has adopted a more uncompromising attitude not only toward the Arab countries but toward the United States as well. Incidents provoked by Israel along the Syrian and Egyptian borders, as well as friction with the chief UN truce observer, may spring from a desire to bring the Arab-Israeli case before the United Nations, where the Arabs could be blamed for delays in a peace settlement.

The Israeli attitude toward the United States government has shifted in the last nine months from cautiously expressed apprehension over a new American policy toward the Middle East to a clear warning that peace in the area cannot be attained at Israel's expense. On 17 September, Foreign Minister Sharett announced that his government would prefer not to disagree with the United States but would "not be dismayed" if it had to. Three days later the semi-official Jerusalem Post stated that the public was disturbed by actions of the American government. A major Israeli fear is that the American policy of offering aid to Israel on a parity with the Arab states will substantially reduce the aid it has received from Washington.

Israel's government has become more aggressive toward neighboring Arab countries during the past year. Last February the Israeli ambassador to Washington decried continuing Arab hostility toward his country and reiterated his government's desire for peace. In September, however, the Israeli press, echoing Foreign Minister Sharett's curt line, suggested that the Ben Gurion cabinet adopt a realistic policy toward the Arabs and defer attempting a settlement with them for the time being.

Israel's stiffened attitude toward the United States and the Arabs coincides with the re-establishment of its relations with the USSR. This development and the coolness toward the United States may result in some pressure for a neutral policy on East-West issues.

Several Israeli actions have hampered American efforts to diminish friction in the Middle East. The transfer of the Israeli Foreign Ministry from Tel Aviv to Jerusalem on 12 July took place shortly after Secretary Dulles had stressed the international significance of that city. In addition, Israel's occupation of the El Auja demilitarized zone has aggravated relations with Egypt at a critical time for the Cairo government.

~~SECRET~~

~~SECRET~~

25X1

On two occasions in recent weeks Israel has refused to comply with the instructions of the chief UN truce observer, General Bennike. Apparently because the Israelis dislike a US-proposed water conservation plan, as well as the Yarmuk River project in Jordan, they have continued the work they began in early September to divert the course of the upper Jordan River. They have also refused to permit Bennike to examine all the Mt. Scopus demilitarized area near Jerusalem.

The incidents suggest that the Ben Gurion government is interested not only in gaining territorial concessions but also in having its over-all dispute with the Arabs go to the UN. There the Israelis could argue that the current situation has resulted from the Arabs' hostility to negotiating a peace settlement despite Israel's willingness to confer with them directly. In pursuing these objectives, however, the Ben Gurion government increases the possibility of more serious incidents and handicaps American endeavors to reduce tension in the area.

~~SECRET~~

~~SECRET~~**CONFIDENTIAL** 25X1

## ELEMENTS OF WEAKNESS IN THE RUIZ CORTINEZ ADMINISTRATION IN MEXICO

The scheduled meeting of Mexican president Ruiz Cortinez and President Eisenhower on 19 October to dedicate the jointly-built Falcon Dam on the Rio Grande is generally seen by Mexicans as a major step toward better relations with the United States. Nevertheless certain factors in the Mexican political situation favor an increase in the exploitation of anti-US issues.

The Ruiz Cortinez administration has gained in popularity in its nine months in office, and the official Partido Revolucionario Institucional (PRI) remains firmly in control of the election machinery. There are indications, however, that the president's position has weakened. His "honesty campaign," directed mainly against PRI associates of ex-President Aleman, has opened fissures in the party. Other PRI elements, as well as opposition groups, are pressing for a more drastic house cleaning and trying to force an Aleman-Ruiz breach.

Ruiz was a compromise candidate for the presidency. He lacks a personal political machine, and his abolition of the illegal financial subsidies to high-ranking army officers may alienate this important element. Meanwhile various political leaders seem to feel that loyalty to Ruiz will not be sufficiently rewarded and that a weakened PRI now allows them to build their own machines.

Some of Ruiz' recent appointments suggest that he is coming increasingly under the influence of former president Cardenas, whose administration was responsible for Mexico's oil nationalization law in 1938. This fact probably will increase the nationalist influence and a certain distrust of the United States already apparent in the administration.

The apparent cooling of Mexico's relations with the United States since Ruiz took office, however, has been superficial and is due mainly to the disappearance from the official scene of the flamboyant pro-American Aleman, now in this country, and the extremely popular former American ambassador O'Dwyer, still in Mexico. Nevertheless, both in and out of the government there are groups which may seek to exaggerate differences with the United States particularly in connection with the presidential meeting. These differences involve the controversy over territorial waters, the closing of the border to Mexican cattle, the treatment of migrant Mexican workers, and finally, the proposed mutual security assistance agreement with the United States which the Aleman regime refused last year.

~~SECRET~~**CONFIDENTIAL**

~~SECRET~~

25X1

## PROGRESS IN THE TURKISH LABOR MOVEMENT

The labor movement in Turkey, favored by urbanization, industrial growth, and the mechanization of agriculture since World War II, is increasing in vigor and ability. The unions have ventured into new areas of organization, bargaining, and militancy, and are becoming a force which can no longer be ignored by the government.

The Ministry of Labor estimates that of an industrial force of 700,000, approximately 175,000 belong to more than 200 unions. This is a growth of nearly 300 percent since 1950. The unions of Istanbul, with about 50,000 members, and the miners' unions of Zonguldak are probably the best organized.

The movement is characterized by its democratic organization, outspoken criticism of the government, and freedom from Communist influence. Its inexperienced leadership is gaining confidence and a knowledge of union strategy. The Turkish Confederation of Trade Unions, organized in August 1952 by the principal labor and occupational federations, has become the official voice of organized labor, though it lacks active financial support and its leaders are not always backed by their own organizations.

The labor movement is expected to continue to grow as an effective influence on Turkish political and economic life. It is as yet incapable, however, of undertaking major united actions opposed by management and government. Nevertheless, increased trade union activity is spurring the government to protect its paternalistic control over labor and at the same time prevent unrest by meeting criticism of agencies and by modifying its tendency to repress labor.

It is drafting a law which for the first time will recognize the right to strike. It also negotiates with labor on minimum wages, social insurance, and collective bargaining. In addition, both the incumbent Democratic Party and the opposition People's Republican Party recognize that labor's interests are becoming important in partisan political activities. They agree, however, that the government must retain a strong hold on labor's allegiance.

The government is therefore expected to continue its policy of watchful neutrality, gradually granting greater freedom and autonomy to organized labor. It will, however, interfere whenever it considers that the public peace or the stability of the labor force is threatened.

~~SECRET~~